

## Message Text

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INFO OCT-01 ISO-00 SSO-00 /011 R

DRAFTED BY: S/S-O:GTWOHITE

APPROVED BY: S/S-O:GTWOHIE

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O 202208Z SEP 74

FM SECSTATE WASHDC

TO SECDEF IMMEDIATE

CINCLANT IMMEDIATE

COMICEDEFOR IMMEDIATE

C O N F I D E N T I A L STATE 208265

EXDIS, MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

FOLLOWING REPEAT REYKAJAVIK 1307(DTG O/R/201630Z SEP 74) ACTION  
SECSTATE INFO NATO 20 SEP 74

QTE

C O N F I D E N T I A L REYKJAVIK 1307

EXDIS

DEPT PASS COMICEDEFOR,  
CINCLANT AND SECDEF

EO 11652: XGDS-1

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - DRAFT SCENARIO

REF: STATE 206119

1. REFTTEL IS OUTSTANDING AND IS FURTHER PROOF FACT THAT  
THIS EMBASSY AND WASHINGTON ARE IN TUNE WITH EACH OTHER.  
BEFORE TRANSMITTING TO ANDERSEN AND FONMIN YESTERDAY I  
MADE CERTAIN CHANGES (MOSTLY DELETIONS) WHICH I SHALL  
EXPLAIN IN SEPTTEL. FOR EASE OF HANDLING, THE ENTIRE  
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PAPER WHICH I HANDED TO ANDERSEN AND FONMIN IS QUOTED  
BELOW. IT IS TITLED "UNDER SECRETARY SISCO'S REMARKS  
- OFFICIAL SESSION."

2. FONMIN BECOMING VERY SENSITIVE ABOUT ALL OF THIS ADVANCE SCENARIO. HE ASKED THAT ONLY UNDER SECRETARY SISCO AND I ON USG SIDE BE AWARE OF THE SCRIPT, AND ONLY HE AND ANDERSEN FOR GOI. ADDRESSEES SHOULD THEREFORE TREAT THIS WITH CAUTION, REGARDLESS OF HOW UNREALISTIC THIS REQUEST IS.

3. BEGIN QUOTE:

UNDR SECRETARY

SISCO'S REMARKS - OFFICIAL SESSION

SISCO: MR. MINISTER, I WAS PERSONALLY HAPPY TO LEARN THAT I WOULD AGAIN BE SEEING YOU ON THESE NEGOTIATIONS, FOR I REMEMBER WITH PLEASURE OUR SESSIONS HERE LAST APRIL. THE FACT THAT THERE HAS BEEN A CHANGE IN YOUR GOVERNMENT IN THE INTERVENING MONTHS IN NO WAY NEGATES THE CAREFUL GROUNDWORK THAT YOU, AMBASSADOR PORTER AND I HAVE LAID OVER THE PAST YEAR. ON THE CONTRARY, IT IS THANKS TO THESE TALKS THAT WE HAVE ARRIVED AT A JUNCTURE TODAY WHICH I HOPE WILL LEAD DIRECTLY TO AN AGREEMENT BETWEEN OUR TWO COUNTRIES THAT WILL PROVE SATISFACTORY FROM EVERYONE'S POINT OF VIEW. I WOULD AGAIN LIKE TO CONGRATULATE YOU ON CONTINUING AS FOREIGN MINISTER OF YOUR COUNTRY.

FOREIGN MINISTER: (WILL PROBABLY RESPOND WITH STATEMENT TO EFFECT THAT TODAY'S SESSION CARRIES ON IN THE FINE TRADITION OF THE PREVIOUS NEGOTIATING ROUNDS, AND THEN MAKES STATEMENT REGARDING NEW DEFENSE PROPOSALS, ENDING WITH REMARK THAT HE WOULD LIKE TO HEAR SISCO'S REACTION.)  
SISCO: WE HAVE BEEN STUDYING THE ANNOUNCED POLICIES OF THE NEW GOVERNMENT OF ICELAND SINCE ITS FORMATION AND FIND THEM TO BE AN ACCEPTABLE BASIS FOR NEGOTIATION. THE UNITED STATES GOVERNMENT IS VERY PLEASED THAT ICELAND INTENDS TO CONTINUE HER MEMBERSHIP IN NATO AND THAT THE LONG AND VALUABLE COOPERATION THAT HAS EXISTED BETWEEN OUR TWO COUNTRIES IN THE DEFENSE FIELD, AS WELL AS IN OTHER FIELDS, CONFIDENTIAL

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OF COURSE, WILL CONTINUE. WE KNOW THAT OUR NATO ALLIES WILL SHARE SATISFACTION THAT THE NATO BASE AT KEFLAVIK WILL BE ALLOWED TO CONTINUE TO CARRY OUT ITS FUNCTIONS IN THE SECURITY INTERESTS OF ICELAND AND OF US ALL.

IN ORDER THAT THE BASE CAN BEST SERVE ALL OF OUR NEEDS, AND IN ORDER TO MEET ICELAND'S POLICY OBJECTIVES, THE UNITED STATES GOVERNMENT IS PREPARED TO MAKE THE FOLLOWING ADJUSTMENTS IN THE OPERATIONS OF THE BASE AT KEFLAVIK:

(1) REDUCTION OF MILITARY PERSONNEL: THE UNITED STATES GOVERNMENT OFFERS TO REDUCE THE CURRENT STRENGTH

OF THE ICELAND DEFENSE FORCE (3317) BY 420 PERSONS. THIS REDUCTION WOULD INVOLVE MEN NOW EMPLOYED IN BASICALLY NON-MILITARY FUNCTIONS AND WOULD OCCUR AT SUCH TIME AS FULLY-QUALIFIED ICELANDERS BECOME AVAILABLE TO REPLACE THEM.

THE ICELAND DEFENSE FORCE WILL BE PREPARED TO AID IN ON-THE-JOB TRAINING OF CERTAIN ICELANDERS WHO WILL FILL SOME OF THE MORE TECHNICAL POSITIONS; BUT THE ACTUAL REPLACEMENT WILL NOT TAKE PLACE UNTIL THE ICELANDERS HAVE BECOME FULLY QUALIFIED TO ASSUME THESE POSITIONS.

(2) ON-BASE HOUSING: THE UNITED STATES GOVERNMENT AGREES TO UNDERTAKE TO SEEK APPROPRIATIONS FROM THE UNITED STATES CONGRESS FOR THE CONSTRUCTION OF ON-BASE HOUSING IN FISCAL YEARS 1975, 1976 AND 1977 WITH THE ULTIMATE OBJECTIVE OF PROVIDING ON-BASE HOUSING FOR ALL MILITARY PERSONNEL. A REQUEST FOR 200 UNITS HAS ALREADY BEEN MADE IN THE FY 1975 BUDGET REQUEST TO THE UNITED STATES CONGRESS. THE PROGRAM HAS BEEN STRETCHED OUT OVER 3 FISCAL YEARS TO REFLECT THE CAPACITY OF THE ICELANDIC PRIME CONTRACTOR TO CARRY OUT THE ACTUAL CONSTRUCTION REQUIRED.

(3) THE SEPARATION OF THE DEFENSE FORCE ACTIVITIES AND CIVIL AIRPORT OPERATIONS AT KEFLAVIK: THE UNITED STATES GOVERNMENT UNDERTAKES TO MAKE CERTAIN PHYSICAL CHANGES AT THE BASE WHICH WILL RESULT IN ACCESS TO THE CONFIDENTIAL

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BASE BY AMERICAN PERSONNEL WITHOUT AFFECTING ICELANDIC ACCESS TO THE TERMINAL AS FOLLOWS: THE UNITED STATES GOVERNMENT WILL BE WILLING TO USE \$1.8 MILLION ALREADY REQUESTED EITHER TO BUILD A SEPARATE ACCESS ROAD TO THE PRESENT TERMINAL OR APPLY IT TO THE CONSTRUCTION OF AN ACCESS ROAD TO ANY NEW TERMINAL THAT MAY BE BUILT. AS THIS LATTER SEEMS A MORE SENSIBLE USE OF THE FUNDS, THE UNITED STATES GOVERNMENT WILL BE PREPARED TO SEEK FUNDS FOR THE UNITED STATES SHARE OF A JOINTLY-FINANCED SEPARATE CIVIL TERMINAL COMPLEX NOT INCLUDING THE CONSTRUCTION OF A CIVILIAN TERMINAL BUILDING. THE UNITED STATES SHARE COULD INCLUDE THINGS SUCH AS THE CONSTRUCTION OF TAXIWAYS AND A RAMP, ROADS, INCLUDING THE ACCESS ROAD, AND REHABILITATION OF THE REFUELING SYSTEM NEAR THE NEW TERMINAL.

IN ADDITION, THE UNITED STATES GOVERNMENT IS PREPARED TO SEEK FUNDS FOR A TEN-YEAR PROGRAM OF IMPROVEMENT TO UPGRADE THE KEFLAVIK AIRFIELD TO MEET FAA STANDARDS FOR CATEGORY II FLIGHT OPERATIONS.

AS REGARDS THE CIVILIAN TERMINAL BUILDING, WE WOULD LIKE TO INFORM YOU THAT THE UNITED STATES EXPORT-IMPORT

BANK WOULD ENTERTAIN A REQUEST FOR A LOAN ON THE TERMS PREVAILING FOR EXPORT-IMPORT BANK CREDITS THROUGHOUT THE WORLD FOR A PORTION OF THE UNITED STATES-ORIGIN COMPONENTS OF A TERMINAL. OF COURSE THE BANK HAS NOT HAD THE OPPORTUNITY TO BECOME ACQUAINTED WITH THE PROJECT AND IS THEREFORE NOT YET IN A POSITION TO APPRAISE IT. SHOULD YOUR GOVERNMENT WISH A STUDY OF A MODULAR TERMINAL BY A UNITED STATES ENGINEERING FIRM, THE EXPORT-IMPORT BANK WOULD ALSO CONSIDER FINANCING FOR SUCH A STUDY.

(4) GEOTHERMAL ENERGY: THE UNITED STATES GOVERNMENT WILL EXAMINE CLOSELY A PROPOSAL THAT THE KEFLAVIK BASE PURCHASE A PORTION OF THE GEOTHERMAL HEAT WHICH IS TO BE PIPED INTO THE KEFLAVIK AREA BY THE GOVERNMENT OF ICELAND.

(PAUSE)---ARE THESE PROPOSALS IN ACCORD WITH ICELANDIC POLICY?

FOREIGN MINISTER: (WILL PROBABLY REPLY THAT THEY ARE.)  
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(SISCO AT THIS POINT TURNS TO MATTERS WHICH THE UNITED STATES GOVERNMENT WOULD LIKE TO SEE SETTLED IN CONNECTION WITH THE NEGOTIATIONS.)

SISCO POINTS OUT TO THE FOREIGN MINISTER THAT THE UNITED STATES GOVERNMENT DOES NOT SEEK TO EMPLOY OR RETAIN MORE UNITED STATES OR ICELANDIC PERSONNEL AT THE BASE THAN IS WARRANTED UNDER THE CIRCUMSTANCES EXISTING AT ANY ONE TIME. THE UNITED STATES GOVERNMENT MAY THEREFORE CHANGE THE SIZE AND COMPOSITION OF THE ICELAND DEFENSE FORCE AS CIRCUMSTANCES WARRANT. OF COURSE THIS WILL BE DONE IN ACCORDANCE WITH ARTICLES III AND IV OF THE 1951 DEFENSE AGREEMENT, AND PROVISIONS OF ICELANDIC LAW GOVERNING THE RELEASE OF ICELANDIC PERSONNEL WOULD CONTINUE TO BE OBSERVED.

ALSO, SO THAT THE SECURITY OF NATO CAN BE ASSURED, THE UNITED STATES WOULD LIKE TO RESERVE THE RIGHT TO TEMPORARILY AUGMENT THE ICELAND DEFENSE FORCE EITHER DURING PEAK PERIODS OF SURVEILLANCE ACTIVITY OR IN CONNECTION WITH PERIODIC REINFORCEMENT EXERCISES THAT WILL BE CARRIED ON IN THE DEFENSE OF ICELAND AND NATO.

(SISCO AND FOREIGN MINISTER WILL PROBABLY WANT TO PAUSE AT THIS POINT TO VERIFY THAT THESE TWO POINTS WILL BE INCLUDED IN ONE OF THE WRITTEN UNDERSTANDINGS.)

SISCO WILL THEN POINT OUT TO THE FOREIGN MINISTER THAT THE UNITED STATES GOVERNMENT HOPES THAT HIS GOVERNMENT COULD AGREE TO COMMIT ITSELF TO THE GENERAL PRINCIPLE THAT ADMINISTRATIVE ARRANGEMENTS CONCERNING THE BASE WILL BE KEPT UNDER CONTINUOUS REVIEW, IN THE DEFENSE COUNCIL,

WITH THE OBJECTIVE OF IMPROVING THE LIVING CONDITIONS OF THE BASE PERSONNEL BY RELAXING RESTRICTIONS (ORAL NOTES PREPARED BY AMBASSADOR IRVING AND GIVEN TO AMBASSADOR ANDERSEN SEPTEMBER 17).

FINALLY, THE UNITED STATES GOVERNMENT HOPES THAT ICELANDIC GOVERNMENT WILL BE WILLING TO REACH AN UNDERSTANDING WHEREBY THE PROVISIONS OF ICELANDIC LAW RELATING TO THE PROHIBITION OF STRIKES BY CIVIL SERVANTS WOULD APPLY  
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TO ICELANDIC CIVILIANS PERFORMING DEFENSE FORCE FUNCTIONS. POINT OUT THAT THE EMPLOYMENT OF ICELANDIC PERSONNEL IN THE NUMBERS AND CATEGORIES ENVISIONED NOW WOULD MAKE US UNACCEPTABLY VULNERABLE TO STRIKE ACTIVITY, WHICH COULD SERIOUSLY AFFECT THE READINESS POSTURE OF THE ICELAND DEFENSE FORCE.

SISCO WILL THEN ASK IF THE FOREIGN MINISTER AGREES TO THESE LAST TWO POINTS.

THE FOREIGN MINISTER WILL REPLY.

SISCO WILL THEN HAND A COPY OF THE EXCHANGE OF NOTES AND MEMORANDUM OF UNDERSTANDING AND THE AGREED MINUTE TO THE FOREIGN MINISTER AND ASK HIM WHETHER OR NOT THE DOCUMENTS REPRESENT THE TRUE UNDERSTANDING OF HIS EXPERTS ON THE AGREEMENTS WHICH HAVE BEEN FORMULATED HERE TODAY.

(THERE WILL BE A PAUSE WHILE THE EXPERTS COMPARE THE DOCUMENTS AND IT WILL BE AGREED ON BOTH SIDES THAT THEY SEEM TO BE IN ORDER.)

ENTRY INTO FORCE OF THE DOCUMENTS WILL THEN BE DISCUSSED.

SISCO WILL EXPLAIN THAT ALTHOUGH CONGRESSIONAL APPROVAL IS NOT CURRENTLY REQUIRED BY LAW, THE UNDERSTANDINGS WILL BE SENT BY THE DEPARTMENT TO THE CONGRESS FOR ITS INFORMATION.

FOREIGN MINISTER AND SISCO WILL THEN INITIAL THE DRAFT DOCUMENTS.

SISCO WILL ASK FOREIGN MINISTER WHEN HE THINKS FORMAL SIGNING OF THE DOCUMENTS CAN TAKE PLACE (ACCEPTABLE TO HAVE THIS DONE IN REYKJAVIK).

(PRESUMABLY ON SEPTEMBER 25 ICELAND AND U.S. GOVERNMENT REPRESENTATIVES WILL PREPARE A DRAFT OF A PRESS RELEASE).

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FOREIGN MINISTER AND SISCO WILL THEN EXAMINE THE  
DRAFT PRESS RELEASE FOR RELEASE AFTER FOREIGN MINISTER  
MEETS WITH SECRETARY KISSINGER.

END QUOTE:

IRVING

UNQUOTE KISSINGER

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<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 27 JUL 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TROOP DEPLOYMENT, NEGOTIATIONS, COLLECTIVE SECURITY AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 SEP 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE208265  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** S/S-O:GTWOHITE  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** D740265-0532  
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**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
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**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** STATE 206119  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 SEP 2002 by boyleja>; APPROVED <03 MAR 2003 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** IDF RETENTION NEGOTIATIONS - DRAFT SCENARIO  
**TAGS:** PFOR, MARR, IC, NATO, IDF  
**To:** SECDEF  
CINCLANT  
COMICEDEFOR  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005